

ASX Announcement

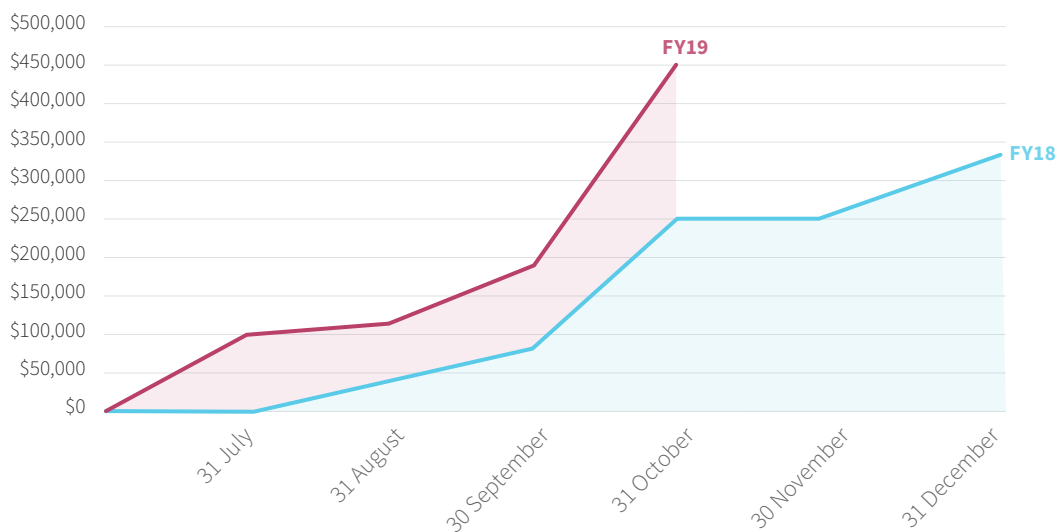
Envirosuite Sales update

2 November 2018

Key Highlights

- Continued growth in Annualised Recurring Revenue
- \$9.5m gross in subscriptions in FY19 pipeline, qualified probability weighted to \$2.4m
- Cerrejon (BHP JV) becomes EVS biggest mining Client
- Major Smart City trial with Middle Eastern EPA continues
- 2 new UK water utilities sign up for paid EVS trials
- Successful \$10m capital raise
- Appointment of Mr Hugh Robertson as non-executive Director

New EVS ARR - FY18 vs FY19



Environmental management technology company **Envirosuite Limited** (ASX:EVS) ('Envirosuite' or 'the Company') is pleased to provide an update on company progress since the last update released 20 July 2018.

While the continued growth is pleasing, there are a number of major deals that have been delayed and remain in progress that we expect will translate to a material increase in the ARR by the end of the 2018 calendar year.

New Envirosuite site subscriptions signed since the beginning of the FY19 Financial Year (1 July 2018) are:

Client	Sector	Location
BM Alliance Coal	Mining	Australia
Thames Water Farnham	Wastewater	UK
Southern Water	Wastewater	UK
Welsh Water	Wastewater	UK
SIG	Composting	Switzerland
PT Vale	Mining	Indonesia
Ak-Chin Tribe	Community	USA
Big Ox Energy	Biofuel	USA
Carbonnes del Cerrejon	Mining	Colombia
City of Escalon	Wastewater	USA
City of Montreal	Wastewater	Canada
City of Woodland	Wastewater	USA
City of Montreal	Composting	Canada

CEO Update

As reported last quarter, the Company has adopted Annual Recurring Revenue (ARR) as its key metric for the anticipated growth period for the coming two years. This figure is equivalent to the annualised total of the current monthly subscriptions. The wins listed above since 1 July 2018 have totalled over \$450,000 ARR and taken the ARR figure to over \$3.45 million as at the end of October. The above wins also include 4 sites that have migrated from the legacy Odowatch platform acquired in December 2017, to the EVS platform. We expect that there will be at least another 20 (or more) of these sites that will migrate this financial year.

The Company has set a target to reach a figure of \$6.0 million ARR by the end of June 2019 and continue to achieve 100% growth in ARR in the following financial year. As we have experienced in prior years it is expected that the rate of ARR growth will not be linear as it is determined by the size and timing of individual opportunities. As we grow we continue to see a pattern of “business-as-usual” deals interspersed with a small number of larger deals connected to broader projects. These projects include opportunities such as large scale smart city initiatives with local and state authorities, which typically involve the roll-out of equipment as well as software and have a longer buying cycle than our business-as-usual opportunities. The ability for the Company to hit its goals is reliant on this mixture of business-as-usual deals as well as winning the key larger deals with government bodies and major corporates.

Our global sales team is steadily building the pipeline and we currently have over 200 open opportunities, for an aggregate of over \$9.5 million in ARR. The anticipated revenue from each opportunity is quantified through a defined probability-weighted measure that is based on how far progressed the opportunity is through the sales cycle. As at the end of October the gross pipeline of \$9.5 million equated to a probability-weighted funnel of over \$2.4 million that is estimated to close this financial year. In addition to the nearly \$500k that is already secured, if this estimate is accurate we can see that this year’s target ARR of an additional \$3m is attainable.

A key focus at the moment is building up the number of leads that we are pursuing through our marketing efforts. We have found that industry based webinars are one of our most cost and time-effective lead gathering activities and consequently we are currently holding monthly webinars to target key prospects from which our sales team can mine the qualified opportunities.

The Envirosuite platform has attracted clients across a wide range of industry verticals. While this is encouraging it has also meant that we have spent time and effort over the past twelve months testing the market in different sectors. To accelerate uptake and deepen our penetration we have decided for this financial year to consolidate our proactive marketing and sales activities on the mining and odour-related areas including wastewater, composting, landfills and livestock intensive agriculture. We are building sales and marketing expertise specifically for these sectors and we will continue to address sales opportunities that come to us from outside these sectors on a reactive basis.

A third sector of major interest is our work being done in the broad theme of ‘Smart Cities’. We have been participating in a trial in this emerging sector and we have been participating in a trial for the past four months with a Middle Eastern EPA (Environmental Protection Agency). For this trial we have developed an ‘electronic nose’ (Enose) prototype that is a much smaller and cheaper version of the former Odotech Enose. Instead of a handful of expensive large Enoses, a city may purchase upwards of 100 of the cheaper devices to allow for much better coverage of the city.

Historically the larger units have been required for system accuracy. However, using the algorithms and expertise in the Envirosuite platform reduces the need for expensive sophisticated sensors and allows for more comprehensive geographic coverage. This generates more data feeds to produce a vastly improved city-wide air quality monitoring and management capability.

This development is particularly exciting and highly significant, as our technical capability combined with success in the current projects will put Envirosuite in an excellent position to become a leading supplier of smart city air quality solutions globally.

We are witnessing a demand, especially in the odour-related field, to provide a full end-to-end service including both the software and hardware aspects of the required solutions. We are thus moving to a “Solutions as a Service” model. Our technical and commercial offerings have always been industry driven and adding the hardware to our subscriptions provides both more commercial control and revenue. It also makes it easier to sell in many instances where the client wants to feel that they are buying something tangible.

During the first quarter the Company completed a very successful capital raise of \$10 million (gross). Through the two tranche raise that completed following shareholder approval at the AGM, we have been very pleased to welcome a number of new institutional and high net worth investors who have joined us at the most exciting time in the Envirosuite story to date. We also thank our longer-term holders and encourage them to follow our progress closely as we become the successful global technology company that we have long envisaged becoming.

Finally, I am very pleased that Mr Hugh Robertson has agreed to join our Board as a non-executive Director. Hugh has deep experience and knowledge in capital markets with a tremendous contact network that extends into the key focus sectors for Envirosuite. Hugh has made a significant personal investment in the Company during the course of the 2018 calendar year and we thank him for his support and confidence, and we look forward to working closely with him to achieve and exceed our goals.

Development update

Development activities continue with a focus on supporting the ongoing evolution of the Envirosuite platform and combined hardware solutions for client requirements. Some of the previously announced projects, such as fire modelling, continue although priorities vary as we encounter new information and needs from market intelligence, background research and client interactions.

One of our major current R&D projects is a unique fast method for identifying and potentially quantifying sources of excessive air emissions from industrial and mining operations, using data from ambient monitoring systems and numerical models. The approach is particularly suited for locations where structures and local terrain features cause complex wind patterns over small areas.

Refinements of our complex flow technique are now being developed in collaboration with the United States EPA, which has taken an interest in Envirosuite's advanced capabilities. This project is highly relevant to new regulatory requirements for industries which must address emissions that cross facility boundaries, potentially causing negative impacts in nearby communities. The aim is to use the speed and accuracy of the method to dramatically reduce the time taken to identify and thence solve such issues.

We are also working on the application of machine learning techniques to forecast air quality, focusing for now on cases where there is a need to restrict vehicle activity in large cities if high pollution events are predicted: the need for accurate and timely forecasts is evident given the potential imposts of such restrictions on large numbers of people. Machine learning techniques are relevant also to many other aspects of Envirosuite's applications, such as the training of electronic noses (e-noses) to identify specific odours, and our forward program recognises the importance of such capabilities.

The Product Team has developed new e-nose capabilities recently, and that effort is being supported by the R&D team through the provision of specific technical input on the science, regulation and practices relating to environmental odours, their measurement and assessment. All of this information informs how e-nose deployments are designed to provide the greatest user benefits, such as flexibility, durability, data quality and energy efficiency. We also provide specific training and advice to our team and clients to ensure that the human element in odour assessment (i.e., the user of Envirosuite) is, where required, properly equipped to validate and interpret the e-nose data.

Selected Case Studies

Carbones del Cerrejon ('Cerrejon')

Cerrejon is the biggest coal mine in Latin America and the 10th largest coal mine in the world, and is a JV between BHP Billiton, Anglo-American and Glencore. Cerrejon operates an integrated facility consisting of a large, open cut coal mine, a railway to transport coal to its port, and a port for exporting coal. Envirosuite has supplied both the mine and port facilities with the Environmental Compliance and Risk Management solutions for the past two years to enable the client to better manage dust and air pollution issues.

Cerrejon is now installing the Blasting solution which will be used for simulating and managing the environmental impact of Cerrejon blasting activities, including airblast overpressure, ground vibration and flyrock. Through the Envirosuite platform, the mining operations will use predictive models to support the planning of blasting activities, as well as monitoring equipment to measure any potential impacts during the blasting events. This will assist the mine in meeting its new regulatory requirement for its operational licence which mandates that blast monitoring equipment and a management system be adopted.

Cerrejon is also installing a Water Monitoring solution which is an extension of the Environmental Compliance solution that enables Cerrejon to manage the real-time monitoring of water quality and run off from the mine. The continuous surface water monitoring is an enhancement to ensure the compliance limits at the mine's discharge points are met.

The fact that Cerrejon, after two years intensive use of the EVS platform is now upgrading to other EVS solutions is a big vote of confidence in EVS and a strong signal to the rest of the LatAm and global mining sector.

Southern Water

Southern Water is a Water and Wastewater utility providing services in Kent, Sussex, Hampshire and Isle of Wight in the UK. It is the third major water utility to adopt Envirosuite. Similar to Thames Water and Welsh Water this adoption is in the form of a paid trial subscription for one site, which once proven may be rolled out into other sites.

Southern Water is using Envirosuite to realise more value from its existing monitoring network and more effectively and rapidly analyse and respond to odour complaints. The initial engagement will also be used to review the suitability of Envirosuite at other high priority sites. Our initial reference cases in the UK with Thames Water were instrumental in securing this initial engagement in another part of the UK.

PT Vale

PT Vale's integrated nickel mining and processing facility in Indonesia uses Envirosuite Environmental Compliance, Impact Modelling and Incident Intelligence solutions to help it manage its regulatory licence and any possible effect on local communities.

The main use of the system is to improve the management of emissions from the facility and any potential impact on the nearby community. High concentrations of sulphur dioxide emissions have potential to cause problems, especially under adverse weather conditions. Envirosuite can enable the operations to avoid air quality impacts by using forecast and real-time information to guide operational and workflow plans ahead of high-risk periods. It also assesses operational performance in real-time by incorporating an alert system and response action management in times of higher environmental risk.

Big Ox Energy

Big Ox Energy - South Sioux City Operation

Big Ox Energy operates a biogas plant at South Sioux City, capturing gases from the city wastewater treatment plant for use as renewable energy. The operations have had ongoing issues that have resulted in odour impacts from the site in recent times. This has resulted in significant pressure from the community and regulatory actions from Sioux City and Nebraska Dept of Environmental Quality. The USEPA has also conducted monitoring at locations around the facility.

As part of their new regulatory licence conditions, Big Ox Energy has agreed to install an odour management system (Environmental Compliance solution by Envirosuite) that will include ambient monitoring devices and the Envirosuite platform to manage potential hydrogen sulphide emissions from the operations in real-time.

About Envirosuite

Envirosuite Limited (ASX:EVS) is an environmental management technology company that has developed a leading Software-as-a-Service platform which translates data into action in real-time.

Using proprietary algorithms built on more than 30 years of environmental consulting experience, Envirosuite's platform provides a range of environmental monitoring, management and investigative capabilities.

Envirosuite's platform is used worldwide by a range of clients in the mining, oil refining, transportation and water management industries and by governments looking to regulate industry in accordance with community well-being.

To learn more, please visit: www.envirosuite.com